



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: April 13, 2005 REPORT NO. 05-083

ATTENTION: Honorable Mayor and City Council
Docket of April 18, 2005

SUBJECT: General Requirements Contracts (GRC)

REFERENCE: In response to the Natural Resources and Culture Committee request at the January 26, 2005 meeting, this report provides detailed information on Water Department's GRC2- task orders; reports results of discussions with Local 127; and presents the results of an analysis by City EOC staff .

SUMMARY

Issues - 1) Shall the Water Department continue using the General Requirements Contracting mechanism as an alternative in executing medium size CIP projects?
2) Shall the City Council approve the Water Department's General Requirements Contract 3 and authorize the City Manager to advertise, bid and award a contract to the lowest responsible and reliable bidder?

Manager's Recommendation – Approve the resolutions.

Other Recommendations – None.

Fiscal Impact – Authorizes the City Manager to sign a not-to-exceed \$5 Million General Requirements Contract 3 and to issue a series of individual as-needed task orders not exceeding \$500,000 each. Upon approval, the Water Department, Engineering and CIP Management Division will proceed with advertising, bid and award of a 2 year contract with the lowest responsible and reliable bidder.

BACKGROUND

On January 26, 2005, the Natural Resources and Culture Committee approved the Water Department Capital Improvements Program General Requirements Contract 3 (GRC3) for the full City Council's consideration. Minutes of that meeting record the following resolution:

- 1) Move the General Requirements Contract 003 forward to Council with direction to the City Manager to provide a simple break down of the jobs that were done as part of the 2003 General Requirements Contract and their costs; (Attachment 1)
- 2) Ask Local 127 to comment on their ability or inability to perform the work included in the General Requirements Contract; (Attachment 2)
- 3) Request an analysis from the previous contractor on the breakdown of minorities in their workforce; (Attachment 3)
- 4) Direct the Water Department to report back quarterly on the progress of the General Requirements Contract subject to Chair Maienschein's discretion.

DISCUSSION

In recent years the Water Department, like many City departments, has found that small to medium sized CIP projects have many of the same administrative, design, bid, award and other preconstruction costs of much larger CIP projects. These non-construction costs can consume from 10-50 % of the entire budget on these small to medium size projects. Five years ago staff investigated utilizing GRC's as a faster, less costly method to get small and medium size CIP projects into construction, finished and placed into service.

In December 2000, the City Council authorized the Water Department CIP to advertise, bid and award Job Order Contract 1. Water CIP staff executed approximately 30 task orders that range in value from \$1,029 to \$447,071 at a total cost of \$3.7 Million. The contract expired based on its 2 year duration. In January 2003, the City Council authorized Water's General Requirements Contract 2, and Water Department staff is executing 25 individual Task Orders that range in value from \$3,417 to \$254,995 at a total cost of approximately \$1.584 Million on the not-to-exceed \$5 Million contract. This contract expires on June 22, 2005.

The Water Department is requesting City Council approval of General Requirements Contract 3 (GRC3). GRC3 will be a competitively bid, indefinite quantity contract, limited by both a 2 year duration and the not-to-exceed cost of \$5 Million. This competitively selected, low bid, General Contractor becomes an on call, as-needed contracting and procurement alternative resource for the Department. The GRC is another tool in the City to effectively and efficiently execute a broad range of individual task orders ranging in size from a few thousand dollars to the individual task order limit of \$500,000.

The list of Water GRC2 projects and their costs are detailed in Attachment 1.

Water Department staff met with Mr. Ed Lehman from the Local 127 union on February 23, 2005. The meeting minutes are included as Attachment 2. The following are actions that will be taken by the Water Department as a result of the above meeting:

- Provide a copy of the GRC3 Contract Documents to Mr. Ed Lehman.
- Within budget and schedule constraints, the Water Department will contact other Departments to explore opportunities for the Water Department CIP work to be performed by those Departments with City crews.

Equal Opportunity Contracting staff routinely monitors contractor compliance with EOC requirements. The results of their review of the Water Department GRC2 contract are shown in Attachment 3.

CONCLUSION

Water Department recommends approval of General Requirements Contract 3. It has proven to be a highly effective and efficient tool in getting small to medium size projects completed in a timely, cost effective manner. As requested at the January 26, 2005 Natural Resources and Culture Committee meeting, the Water Department has provided the additional information in the form of attachments to address the concerns expressed.

ALTERNATIVE

Do not approve the Water Department General Requirements Contract 3 (GRC3).

Respectfully submitted,

Frank Belock, Jr.
Water Department Director

Approved: Richard Mendes
Deputy City Manager

Belock/VB/GH/JS

Attachments: [1. General Requirements Contract 2 task order list](#)
[2. Local 127 meeting minutes](#)
[3. Equal Opportunity Contracting report](#)
[4. San Diego Municipal Code section 22.3105- Use of City Forces](#)